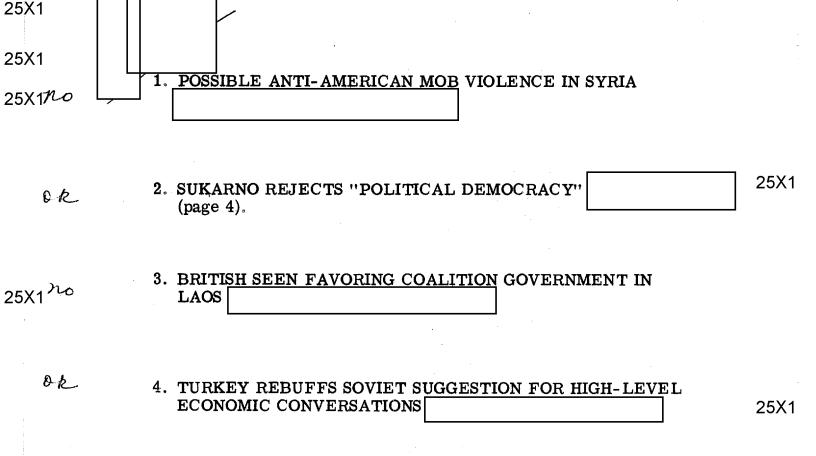
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CONTENTS



20 Aug 57

Current Intelligence Bulletin

Page 2

1. POSSIBLE ANTI-AMERICAN MOB VIOLENCE IN SYRIA

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The Syrian press reports that a mass rally to denounce the alleged American conspiracy is scheduled in Damascus for 20 August, according to the American

embassy in Damascus. One leftist paper has significantly pinpointed the location in Damascus of the "American colony" with its "tens of houses and hundreds of American families."

Comment

Any mass rally in Syria is dangerous and can lead to a complete breakdown of pub-

lic order. An anti-American demonstration at this time, instigated and directed by leftist elements, could well result in property damage and injuries to Americans resident in Damascus unless the security authorities take strong measures. Considering the attitude of the present Syrian regime, the mob might not be restrained until after some damage had been done.

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20 Aug 57

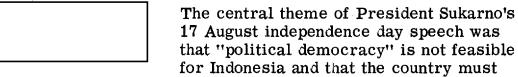
Current Intelligence Bulletin

Page 3

25X1

2. SUKARNO REJECTS "POLITICAL DEMOCRACY"

25X1



strive for "social and economic democracy." Sukarno said Indonesia's existing political system had failed because of indiscriminate imitation of foreign institutions, and because the Indonesians felt "that talk and criticism constitute democracy." His social democracy, he said, should "place the interest of the state before group or individual interests." To achieve his objectives, a "disciplined guided democracy" would be necessary.

He devoted the latter part of his speech to a "new life movement" which apparently is devised to reassert Sukarno's concept of discipline. The American ambassador in Djakarta comments that it is not clear from Sukarno's speech exactly what final form the new system will take but it could be either a form of Communism or a Hitlerian national socialism. Whatever the form, it is clear that the most important place at the top will be reserved for Sukarno.

Sukarno stated that the return of Netherlands New Guinea and complete abrogation of the 1949 agreements with the Dutch are prerequisites to the establishment of an economic base for his new democracy.

Comment

The Communist Party has been the only political organization to support Sukarno's concept consistently and vigorously. As a result he has encouraged Communist support and activity, and he can be expected to continue to work with the Communists and to increase their influence in the government as he enters this new phase in the implementation of guided democracy.

20 Aug 57

Current Intelligence Bulletin

Page 4

3. BRITISH SEEN FAVORING COALITION GOVERNMENT IN LAOS		
	The British government is inclined to	
	favor an early settlement of the Pathet	
	Lao issue in Laos on the basis of a	
	coalition government, the American	
embassy in Lo	ondon reports. This stems from concern in	
	ffice that time is working against the free	
	and that the "pot may not be worth the ante."	
Comment	The French have long endorsed Laotian	
	Premier Souvanna Phouma's efforts to	
achieve Laotia	an unification by means of a coalition with the	
Pathets while	the British, until recently at least, have tended	
	erican efforts to prevent coalition. In June,	
	ritish official stated a coalition seemed inevita-	
ble and that the main problem was to obtain safeguards against		
	het Lao influence. British concern over the pros-	
pects of continued inconclusive negotiations in Laos apparently		
	itened by recent reports of Communist subversive	
gains in the ten provinces under government control.		
Perrito III life to	in provinces under government control.	

20 Aug 57

25X1

25X1

Current Intelligence Bulletin

would undermine efforts by the recently achieved alliance of anti-Communist political forces in Laos to block Souvanna's

goal of coalition within a few months.

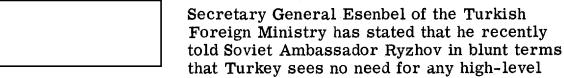
Such a shift in British policy at this stage

Page 5

25X1

4. TURKEY REBUFFS SOVIET SUGGESTION FOR HIGH-LEVEL ECONOMIC CONVERSATIONS

25X1



conversations on relations between their two countries. Ryzhov had proposed such conversations in order to settle "certain questions" of an economic nature and to improve relations between the two nations. According to Esenbel, the Turks agreed only that Soviet industrial credit offers are possible subjects for further discussions between the USSR and private Turkish organizations.

Comment

Despite recent indications that the Turks have been considering an expansion of economic relations with the USSR, this report suggests that traditional Turkish fears of Russian economic and political encroachment continue. Ankara may permit or even encourage the private sector of the Turkish economy to take advantage of beneficial Soviet credit offers. The recent acceptance by a Turkish bank delegation of a Soviet offer to build a glass factory in Turkey is an example of the type of agreement that the Turkish government will permit.

20 Aug 57

Current Intelligence Bulletin

Page 6